

**STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

**Guarantee Trust Life Insurance Company
1275 Milwaukee Avenue
Glenview, Illinois 60025**

Enforcement Case No. 10-7758

Respondent.

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**Issued and entered
on 5/13, 2010
by **Stephen R. Hilker**
Chief Deputy Commissioner**

ORDER TO CEASE AND DESIST

The Office of Financial and Insurance Regulation ("OFIR") asserts the following is correct:

1. Guarantee Trust Life Insurance Company, ("GTL"), is a mutual insurance company organized and headquartered in the State of Illinois.
2. As required under Section 402 of the Insurance Code, ("Code"), MCL 500.402, GTL has possessed a certificate of authority in the State of Michigan to act as a health insurer since June 15, 1995.
3. Pursuant to its certificate of authority, GTL may offer the following types of coverage:
 - a. Group health insurance, pursuant to Chapter 36 of the Code;
 - b. Small group health insurance, pursuant to Chapter 37 of the Code; and
 - c. Individual health insurance, pursuant to Chapter 34 of the Code.
4. Since June 15, 1995, GTL has issued certificates of individual health insurance to numerous Michigan residents.
5. On May 1, 2010, GTL issued a "Notice of Termination of Your Insurance Coverage," ("Termination Notice"), to enrollees of one of its individual health insurance products: Policy/Certificate Number AR01002022.

6. In its Termination Notice, GTL informs its customers that replacement coverage is available under GTL's high deductible major medical plan.
7. Section 2213b(1) of the Code provides:

Except as provided in this section, an insurer that delivers, issues for delivery, or renews in this state an expense-incurred hospital, medical, or surgical individual policy under Chapter 34 shall renew or continue in force the policy at the option of the individual. (MCL 500.2213b(1)).

8. Section 3425 of the Code defines "health insurance policy" as an "expense-incurred hospital, medical or surgical policy."
9. GTL relies upon Section 2213b(3) of the Code for its authority to terminate coverage of certain Michigan residents enrolled in Policy/Certificate Number AR01002022.
10. Section 2213b(3) of the Code provides:

Guaranteed renewal is not required in cases of fraud, intentional misrepresentation of material fact, lack of payment, if the insurer no longer offers that particular type of coverage in the market, or if the individual or group moves outside the service area. (MCL 500.2213b(3)).

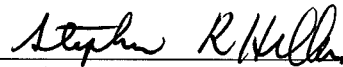
11. Section 2213b(3) does not authorize GTL to terminate coverage of certain Michigan residents enrolled in Policy/Certificate Number AR01002022 because GTL is not an insurer that "no longer offers that particular type of coverage in the market."
12. GTL is still authorized to sell individual health insurance under Chapter 34 to Michigan residents and, as evidenced through its Termination Notice, continues to offer its high deductible major medical plan to Michigan residents.
13. GTL's high deductible major medical plan is the same type of coverage as that offered in its Policy/Certificate Number AR01002022. Both are "expense-incurred hospital, medical, or surgical individual polic[ies] under Chapter 34." Therefore, Section 2213b(1) prohibits GTL from issuing its Termination Notice.

Therefore, pursuant to MCL 500.251, it is **ORDERED** that:

1. GTL shall immediately **CEASE** and **DESIST** from terminating health insurance coverage of Michigan residents under Policy/Certificate Number AR01002022.
2. GTL shall immediately rescind its Termination Notice to Michigan residents.

3. Within 10 days of service of this order, GTL shall acknowledge this order in writing to the Commissioner and GTL shall provide documentary evidence that it has rescinded its Termination Notice to Michigan residents.
4. Failure to comply with this order will subject GTL and its corporate officers to one or more of the following:
 - (a) payment of a civil fine of not more than \$1,000.00 for each violation not to exceed an aggregate civil fine of \$30,000.00. However, for further knowing violations of this order, a civil fine of not more than \$25,000.00 for each violation not to exceed an aggregate civil fine of \$250,000.00 may be assessed.
 - (b) complete restitution to all persons in this state damaged by the violation or failure to comply.
5. GTL may contest this order by requesting a hearing before the Commissioner not later than 30 days after the order has been delivered or mailed.

OFFICE OF FINANCIAL AND
INSURANCE REGULATION



Stephen R. Hilker
Chief Deputy Commissioner

